

Rosehill Housing Co-operative Limited

Internal Audit 2022-23

Electrical Safety
May 2023

Overall Conclusion

Strong

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The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Rosehill Housing Co-operative Limited’s individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

Overview

Purpose of review

The purpose of this assignment was to ensure that the risks surrounding the electrical safety arrangements in place at the Co-operative are appropriately managed and controlled. We sought to ensure that the Co-operative is undertaking EICRs (Electrical Installation Condition Report) as required.

This review forms part of our 2022/23 Internal Audit Annual Plan.

Scope of review

Our objectives for this review were to ensure:

- The Co-operative has a policy for electrical safety checks with appropriate procedures in place to ensure access is gained to properties as required and to ensure that checks are completed within the required timeframe.
- There is appropriate recording of the electrical safety checks within the Co-operative and all properties and certificates are recorded.
- The Co-operative appropriately act on any issues noted within the EICR and within an appropriate timeframe.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There was no limitation of scope.

Background Section

Electrical Inspection Policy

The Co-operative has an Electrical Inspection Policy which was last reviewed in April 2021 and is next due to be reviewed in March 2024 (or sooner to ensure it reflects current legislative requirements and regulatory guidance). The Policy outlines their approach to managing the fixed electrical installations and ensuring they are inspected and maintained at appropriate frequencies to minimise the risk of fire, injury, and / or death.

The Policy details the main objectives as:

- Establishing electrical inspection timescales;
- Demonstrating how the Co-operative will meet the Scottish Social Housing Charter Standards and Outcomes and Legislative Duties; and
- Providing details on how the service is delivered.

EICRs are either concluded as to be satisfactory or unsatisfactory, with the following items identified:

- Category 1 defects are defined as: “Danger present. Risk of Injury. Immediate remedial action required”.
- Category 2 defects are defined as: “Potentially dangerous- urgent remedial action required”.
- Category 3 defects are defined as- “Improvement recommended”.
- Further investigation required.
- Limitation identified.

Inspections that have been concluded to be unsatisfactory are those that include unrectified category 1 or 2 defects.

The Repairs Co-ordinator is responsible for instructing any required works. A central database of all recommendations is held by the Customer Services Officer / Customer Services Assistant, and this is reviewed by the Technical Services Manager on a quarterly basis.

EICR Responsibilities

At the time of our review, there are 5 members of the Technical Services Team who have varying responsibilities for managing the completion of EICRs. The daily management of them is completed by the Technical Services Manager.

The Co-operative also maintain records that include the appropriate inspection paperwork including any rectification works or modifications. These records can be made available to tenants should they request to see them.

Access Arrangements

A letter is sent to tenants at least one month before the inspections are scheduled by the Co-operative and this is followed up by a letter from the contractor making a specific appointment. If this appointment is unsuitable there is a contact number in the letter which tenants can phone to arrange a more suitable appointment. Finally, 24 hours before the scheduled appointment the contractor will either call or text the tenant to confirm the appointment.

If the contractor notes two no access visits for a tenant, the Co-operative will issue a 7-day warning letter of proposed forced access proceedings and a member of staff will contact the tenant by telephone or home visit in an effort to make access arrangements. If the tenant fails to respond to the letter or staff's contact, then the case will be referred to the Housing Services Manager to initiate forced access procedure. The Technical Services Manager will issue a letter to the tenant giving at least 7 days' notice of the intention to force entry. If this results in the tenant making access arrangements which are subsequently kept, the Co-operative will cancel the forced entry. However, if the tenant continues to ignore the matter, the Co-operative will proceed with the forced entry.

Sample Testing Data Analysis

We completed sample testing on 15% of the Co-operatives properties which totalled at 145 properties. We can confirm that of these 145:

- 2 of the certificates came back as unsatisfactory however, we can confirm all works were completed in the relevant timescales; and
- 2 EICRs were completed out with the 5 years of the previous certificate (10 if stated as historically were on the 10-year cycle and the Co-operative moved to 5-year cycle in 2019) however, we received the forced entry letters sent to the tenants.

Work Undertaken

Our work undertaken per objective for the review was as follows:

Objective 1: The Co-operative has a policy for electrical safety checks with appropriate procedures in place to ensure access is gained to properties as required and to ensure that checks are completed within the required timeframe.

- We reviewed the Co-operative's Electrical Inspection Policy to ensure it is robust and outlines the procedures in place to ensure access is gained to properties as required and to ensure checks are completed within the required timeframes.
- We ensured the Policy was available on the Co-operative's front facing website for tenants to view.
- We ensured the Co-operative followed the Procurement Policy when tendering for the EICR Contractor.

Objective 2: There is appropriate recording of the electrical safety checks within the Co-operative and all properties and certificates are recorded.

- We completed sample testing of 15% of the Co-operative's properties to ensure EICR certificates were conducted within the 5-year period.
- We reviewed the Co-operative's electrical safety KPIs in place and ensured these were followed.
- We reviewed the reporting processes in place of electrical safety checks at the Co-operative to ensure appropriate checks were in place.

Objective 3: The Co-operative appropriately act on any issues noted within the EICR and within an appropriate timeframe.

- We reviewed the communication for electrical safety between the Co-operative and tenants to ensure tenants were kept up to date with the process.
- We ensured the Co-operative acted appropriately on any issues noted within the EICR checks within appropriate timeframes.

Conclusion

Overall conclusion

Overall Conclusion: Strong

Following our review, we can provide the Co-operative with an overall strong level of assurance surrounding the arrangements in place to manage electrical safety. While we have raised a number of good practice points, we have also raised 2 low grade recommendations for improvement. Please refer to **Section 3: Detailed Recommendations** for further information.

Summary of recommendations

Grading of recommendations

	High	Medium	Low	Total
Electrical Safety	0	0	2	2

As can be seen from the above table there were no recommendations made which we have given a grading of high.

Areas of good practice

The following is a list of areas where the Co-operative is operating effectively and following good practice.

1.	The Co-operative has a robust Electrical Inspection Policy in place which was last reviewed in April 2021 and is next due to be reviewed in March 2024. The policy sets out how they will be assured that the electrical safety of fixed electrical installations is inspected and maintained at appropriate frequencies to minimise the risk of fire, injury, and / or death.
2.	The Co-operative have a dedicated Technical Services Manager who is responsible for managing the Co-operatives compliance with their electrical safety and EICRs.
3.	We can confirm that the Electrical Inspection Policy is available on the Co-operatives front facing website.
4.	We can confirm that the Co-operative completed the relevant procurement process as per the Purchasing, Procurement, and Tenders Policy to appoint their EICR Contractor.
5.	The Co-operatives Housing Management System allows the Technical Services Team to run a report which outlines the dates of the previous certificate and outlines which properties are due their inspection.
6.	We completed sample testing of 15% of the Co-operatives properties to ensure EICR certificates were conducted within the 5-year period (10 years, if historical). We can confirm that there were no issues, and all certificates were conducted within the correct timeframe.

The following is a list of areas where the Co-operative is operating effectively and following good practice.

7.	From our sample testing, we can confirm that from the certificates which were concluded as unsatisfactory, the works were scheduled and completed as soon as possible as outlined within the Electrical Inspection Policy.
8.	<p>The Technical Services Manager provides updates on Electrical Inspection to the Management Committee on a cyclical basis as the inspections are taking place.</p> <p>The Co-operative also has a Tenant Safety Assurance document which details the periodic Electrical Inspections which is reviewed by the Management Team Bi-monthly and reported to the Audit Sub-Committee quarterly.</p>

2 BENCHMARKING

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Electrical Safety

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	1	0	1
Number of recommendations at Rosehill Housing Co-operative Limited	0	0	2	2

From the table above it can be seen that the Co-operative has a higher number of recommendations compared to those RSLs it has been benchmarked against.

3 DETAILED RECOMMENDATIONS

Developing a Formal KPI Target for the Completion of Electrical Safety Inspections and Reporting Performance			
Ref.	Finding and Risk	Grade	Recommendation
1.	<p>The Co-operative should utilise a detailed KPI document that identifies the key data for all aspects of asset management. This includes having a section for electrical testing that outlines the raw data for the number of properties with fixed electrical testing completed during the quarter, the expenditure on fixed electrical testing in the quarter, and the status of the inspections completed.</p> <p>During our review, we found that the Co-operative did not have a formal target in place to measure their performance against for Electrical Inspection Testing. We note that they have a Tenant Safety Assurance table which is reported bi-monthly to the Management Team and quarterly to the Audit Sub-Committee however, this does not contain any information on KPIs.</p> <p>There is the risk that the Co-operative are unable to effectively measure their performance without a formal target in place.</p>	Low	<p>We recommend that a target is developed for Electrical Safety Inspections and added to the Tenant Safety Assurance table to allow for effective performance measurement. We also recommend that the Co-operative annually report their performance against KPIs to the Management Committee.</p>

3 DETAILED RECOMMENDATIONS

Management response	Responsibility and implementation date
<p>We will formalise our target of having all inspections carried out within 5 years. We will introduce a quarterly performance indicator into our overall committee performance report at the next quarter.</p>	<p><i>Responsible Officer: Technical Services Manager</i></p> <p><i>Implementation Date: May 2023</i></p>

3 DETAILED RECOMMENDATIONS

Communication of Electrical Safety			
Ref.	Finding and Risk	Grade	Recommendation
2.	<p>The Co-operative publish a quarterly newsletter on their website to update residents on any news.</p> <p>During our review, we found that within these newsletters there has been no mention of Electrical Safety since Autumn 2020. We also note that the Co-operative currently do not have a tenant handbook and are planning to develop one in the future which will include information on electrical safety.</p> <p>There is the risk that tenants are not informed of any updates within the Electrical Safety Inspection process and there is a lack of communication between the Co-operative and tenants.</p>	Low	<p>We recommend that the Co-operative annually have an Electrical Safety section within Newsletters to inform the tenants on any specific updates within the Electrical Safety Inspection Process and keeps them up to date with any legislative changes in regard to Electrical Safety.</p> <p>We also recommend that Electrical Safety is outlined within the tenant handbook to ensure tenants are aware of the severity of electrical safety.</p>

3 DETAILED RECOMMENDATIONS

Management response	Responsibility and implementation date
<p>We will ensure that an article is published annually in our newsletter and we will develop a Tenant Safety Leaflet which can be given to tenants as part of the sign up process in the meantime we will ensure that tenants are advised of the need to give access for electrical inspections at the point of sign up.</p>	<p><i>Responsible Officer: Technical Services Manager</i></p> <p><i>Implementation Date: Newsletter – Jul/Aug 2023</i></p> <p><i>Tenant Safety Leaflet – Sep 2023</i></p>

4 AUDIT ARRANGEMENTS

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Sub-Committee meeting.

Audit stage	Date
Fieldwork start	27 April 2023
Closing meeting	2 May 2023
Draft report issued	11 May 2023
Receipt of management responses	24 May 2023
Final report issued	29 May 2023
Audit Sub-Committee	28 June 2023
Number of audit days	2

5 KEY PERSONNEL

We detail below our staff who undertook the review together with the Co-operative staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Manager	Scott McCreedy	Internal Audit Manager	scott.mccreedy@wyliebisset.com
Auditor	Carla Tamagnini	Internal Auditor	carla.tamagnini@wyliebisset.com

Rosehill Housing Co-operative Limited			
Key Contacts	Geri Mogan	Director	geri.mogan@rosehillhousing.co.uk
	Sandra Hunter	Technical Services Manager	sandra.hunter@rosehillhousing.co.uk
Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

APPENDICES

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

For each recommendation, we assign a grading either as High, Medium or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Sub-Committee and addressed by senior management of the Co-operative as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the Co-operative as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Purpose of review

The purpose of the assignment is to ensure that the risks surrounding the electrical safety arrangements in place at the Co-operative are appropriately managed and controlled. We will look to ensure that the Co-operative is undertaking EICRs (Electrical Installation Condition Report) as required.

This review forms part of our 2022/23 Internal Audit Annual Plan.

Scope of review

Our objectives for this review are to ensure:

- The Co-operative has a policy for electrical safety checks with appropriate procedures in place to ensure access is gained to properties as required and to ensure that checks are completed within the required timeframe.
- There is appropriate recording of the electrical safety checks within the Co-operative and all properties and certificates are recorded.
- The Co-operative appropriately act on any issues noted within the EICR and within an appropriate timeframe.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- Discussions with relevant staff to establish the Co-operative's arrangements in place to comply with legislation.
- Discussions with relevant staff to establish the Co-operative's process for retaining information and evidence that relevant checks have been undertaken.
- Review the process in place to ensure that electrical safety checks are recorded accurately.
- Undertake sample testing of the EICRs carried out within 2022/23 to ensure that they have been accurately recorded on the Society's system and that any issues have been highlighted and addressed within a timely fashion.

Potential key risks

The potential key risks associated with the area under review are:

- The Co-operative does not have a policy for electrical safety checks with appropriate procedures in place to ensure access is gained to properties as required and to ensure that checks are completed within the required timeframe.
- There is not appropriate recording of the electrical safety checks within the Co-operative and all properties and certificates are recorded.
- The Co-operative does not appropriately act on any issues noted within the EICR and within an appropriate timeframe